

IN THE SECOND CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE
 TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

FILED
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 RICHARD R. BOONER, CLERK

STATE OF TENNESSEE,)
ex rel. ROBERT E. COOPER, JR.,)
 ATTORNEY GENERAL and REPORTER,)

Plaintiff,)

v.)

HRC MEDICAL CENTERS, INC., a domestic)
 corporation, *formerly known as* HAIR)
 RESTORATION CENTERS OF TENNESSEE,)
 INC., HRC MANAGEMENT MIDWEST, LLC,)
 a foreign limited liability company,)
 DAN E. HALE, D.O., *individually and as an*)
officer, DON HALE, *individually and as an*)
officer, BONNIE HALE, DIXIE HALE,)
individually and doing business as SOUTHERN)
 BELLE CONSULTING, LLC, MICHAEL)
 MONTEMURRO, *doing business as* MADMAC)
 CONSULTING, LLC, HRC MEDICAL)
 CENTERS HOLDINGS, LLC, a foreign limited)
 liability corporation, HRC MANAGEMENT,)
 LLC, a foreign limited liability corporation,)
 DANA HELTON, in her capacity as Trustee of)
 the CARDINAL REVOCABLE TRUST,)
 BELLA VITA MEDICAL CENTERS, LLC,)
 a domestic limited liability corporation,)
 MIDWEST RESTORATIVE HEALTH, LLC,)
 a foreign limited liability corporation,)
 LEGACY MEDICAL CENTERS, LLC,)
 a foreign limited liability corporation, and)
 BIOLIFECYCLE MEDICAL CENTERS, LLC,)

Defendants.)

JURY DEMAND

Case No. 12C4047

TEMPORARY INJUNCTION WITH ASSET FREEZES AND ORDER APPOINTING
PENDENTE LITE RECEIVER AS TO ALL DEFENDANTS EXCEPT
 BIOLIFECYCLE MEDICAL CENTERS, LLC, LEGACY MEDICAL CENTERS, LLC,
 MICHAEL MONTEMURRO, *doing business as* MADMAC CONSULTING, LLC,
 MIDWEST RESTORATIVE HEALTH, LLC, DIXIE HALE, *individually and doing*
business as SOUTHERN BELLE CONSULTING, LLC, BONNIE HALE, and
 BELLA VITA MEDICAL CENTERS, LLC

The terms of this Order are identical to the terms contained in the Order entered by this Court on May 29, 2013, at 2:33 p.m. The purpose of re-entering the Order is to incorporate all of the Court's handwritten changes contained in the May 29, 2013, Order. This current Order supersedes the May 29, 2013, Order upon entry.

Before the Court is the State's Motion for a Temporary Injunction with Asset Freezes and Order Appointing *Pendente Lite* Receiver. The State asserts that the Motion is needed to prevent the dissipation of assets, to stop the destruction or concealment of documents, and to marshal and safeguard assets and other property for the receivership estate.

In support of the State's Motion, the State has submitted supporting exhibits, including the Affidavit of John McLemore with 83 attachments, a memorandum of law, a certificate of counsel, and an amended complaint.

Based on a review of the entire record, the arguments advanced at hearing, and the parties' briefs, the State's Motion is GRANTED as set forth below. As set forth below, this Order shall apply to all of the named Defendants, except BioLifecycle Medical Centers, LLC, Legacy Medical Centers, LLC, Michael Montemurro *doing business as* MadMac Consulting, LLC, Midwest Restorative Health, LLC¹, Dixie Hale individually and *doing business as* Southern Belle Consulting, LLC, Bonnie Hale, and Bella Vita Medical Centers, LLC.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. On October 10, 2012, this Court through an interchange agreement with Presiding Judge Joe Binkley, Jr., entered an *Ex Parte* Temporary Restraining Order that stated, among

¹ In its handwritten notes on the Order entered on May 29, 2013, the Court references "Midstate Restorative Health, LLC." This reference has been changed to reflect the Defendant's correct name, "Midwest Restorative Health, LLC."

other things, that the State was likely to succeed on the merits of its action.

2. On December 27, 2012, this Court entered an Order Appointing a *Pendente Lite* Receiver Over HRC Medical Centers, Inc. and a Statutory Temporary Injunction. Among other things, the Statutory Temporary Injunction and the receivership order stated that the State was likely to succeed on the merits of its action. The receivership order also found that Defendants HRC Medical, HRC Management Midwest, Don Hale, and Dan Hale engaged in intentional misrepresentations and omissions about the safety, health risks, and side effects of its alternative regimen of “bio-identical” hormone replacement therapy and that HRC Medical engaged in fraud.

3. At the same time the State filed a motion for a TRO with Asset Freezes and Order Appointing *Pendente Lite* Receiver, the State amended its Complaint to add Defendants Bonnie Hale, Dixie Hale, individually and doing business as Southern Belle Consulting, LLC (“Southern Belle”), Michael Montemurro, doing business as MadMac Consulting, LLC (“MadMac”), HRC Medical Centers Holdings, LLC (“HRC Holdings”), HRC Management, LLC (“HRC Management”), Dana Helton, in her capacity as Trustee for the Cardinal Revocable Trust (“Cardinal Revocable Trust”), Bella Vita Medical Centers, LLC (“Bella Vita”), Midwest Restorative Health, LLC (“Midwest Restorative”), Legacy Medical Centers, LLC (“Legacy”), and BioLifecycle Medical Centers, LLC (“BioLifecycle”).

4. This Court continues to have jurisdiction over the subject matter of this case including the new claims asserted and relief sought under the Uniform Fraudulent Transfer Act (“UFTA”), Tenn. Code Ann. §§ 66-3-301 to -313 (2004).

5. There is good cause to believe that the Court will have personal jurisdiction over all parties hereto including the amended defendants based on Tenn. Code Ann. § 20-2-214(a)(6),

Tenn. Code Ann. § 20-2-225(2), and *Manufacturers Consolidation Serv., Inc. v. Rodell*, 42 S.W.3d 846, 855 (Tenn. Ct. App. 2000) (holding that personal jurisdiction under State's long-arm statute collapses to inquiry of personal jurisdiction under Due Process Clause of the United States Constitution). Among other things, there is good cause to believe that:

Midwest Restorative conducts business in Tennessee at 1790 Kirby Parkway, Suite 118, Germantown, TN 38138;

Dixie Hale and Bonnie Hale are residents of Tennessee and substantially engaged in the activity alleged in the State's Amended Complaint from or within Tennessee;

Bella Vita is a domestic limited liability corporation that has conducted business at 301 14th Avenue North, Nashville, TN;

HRC Management and HRC Holdings made withdrawals and deposits, including those at issue in the State's Amended Complaint, from Tennessee and in Tennessee bank branches; and

Cardinal Revocable Trust is formed under the laws of Tennessee, has a Tennessee Grantor in Dan Hale, and has a Tennessee resident as trustee.

6. Further, there is good cause to believe that venue in this Court and joinder are proper as to the amended parties. Among other things, there is good cause to believe that Bella Vita maintains its principal office at 301 14th Avenue North, Nashville, TN and that venue is proper under Tenn. Code Ann. § 20-4-104(2). Further, there is good cause to believe that HRC Holdings, HRC Management, and Midwest Restorative are foreign corporations without registered agents in this state, whose registered agent by default is the Nashville-based Tennessee Secretary of State, and that venue is proper under Tenn. Code Ann. §§ 20-4-104(3)(B), 20-2-214, and 20-2-215.

7. There is good cause to believe: that the UFTA was violated through obligations incurred by and transfers from HRC Medical to Don Hale and Dan Hale, that the State is likely

to succeed on the merits of these UFTA claims, that this order is in the public interest, and that this order is within the authority granted to this Court under Tenn. Code Ann. § 66-3-308(3)(A),(B), and (C), Tenn. Code Ann. § 47-18-108(b)(1), its general equitable authority under Tenn. Code Ann. § 29-1-103, and Tenn. R. Civ. P. 65.04.

8. Under the UFTA, a creditor is “any person who has a claim.” Tenn. Code Ann. § 66-3-302(4). Claims are broadly defined in the UFTA to include a right to payment, whether or not the right is reduced to judgment, liquidated, or disputed. Tenn. Code Ann. § 66-3-302(3). *See also*, Cmt. 4 to Tenn. Code Ann. § 66-3-302.

9. One of the ways a transfer or incurred obligation is fraudulent under the UFTA is if it is made with actual intent to hinder, delay, or defraud any creditor of the debtor. Tenn. Code Ann. § 66-3-305(a)(1). “Intent need not be shown by direct, actual evidence, but can be proved through objective indicia of fraud or ‘badges of fraud.’ In the presence of badges of fraud, fraudulent intent can be presumed.” *In re Holcomb Health Care Servs., LLC*, 329 B.R. 622, 670 (Bankr. M.D. Tenn. 2004) (citations omitted). “Although the presence of a single badge may only raise the suspicion of debtor’s fraudulent intent, the confluence of several badges can be conclusive evidence of fraudulent intent, absent significantly clear evidence of debtor’s legitimate supervening purpose.” *Id.* at 671.

10. In determining actual intent under Tenn. Code Ann. § 66-3-305(a)(1), consideration may be given, among other factors, to whether:

- (1) the transfer or obligation was to an insider [defined to include a relative of an officer or person in control of debtor, Tenn. Code Ann. § 66-3-302(7)(B)(vi), or a managing agent of the debtor, Tenn. Code Ann. § 66-3-302(7)(E)]; (2) the debtor retained possession or control of the property transferred after the transfer;
- (3) the transfer or obligation was disclosed or concealed; (4) Before the transfer was made or obligation was incurred, the debtor had been sued or threatened with suit; (5) the transfer was of substantially all the debtor’s assets; (6) the

debtor absconded; (7) the debtor removed or concealed assets; (8) the value of the consideration received by the debtor was reasonably equivalent to the value of the asset transferred or the amount of the obligation incurred; (9) the debtor was insolvent or became insolvent shortly after the transfer was made or the obligation was incurred; (10) the transfer occurred shortly before or shortly after a substantial debt was incurred; and (11) the debtor transferred the essential assets of the business to a lienor who transferred the assets to an insider of the debtor.

Tenn. Code Ann. § 66-3-305(b).

11. A transfer is also fraudulent under the UFTA if:

the transfer was made or the obligation was incurred if the debtor made or obligation incurred without receiving a reasonably equivalent value in exchange for the transfer or obligation and the debtor was insolvent at the time or the debtor became insolvent as a result of the transfer or obligation. Tenn. Code Ann. § 66-3-306(a); or

the debtor made the transfer or incurred the obligation without receiving a reasonably equivalent value in exchange for the transfer or obligation, and the debtor was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction, or the debtor intended to incur or believed or reasonably should have believed that the debtor would incur debts beyond the debtor's ability to pay as they became due. Tenn. Code Ann. § 66-3-305(a)(2).

12. Under the UFTA, a debtor is insolvent "if the sum of the debtor's debts is greater than all of the debtor's assets, at a fair valuation." Tenn. Code Ann. § 66-3-303(a). For purposes of determining all of the debtor's assets, assets do not include the property that is the subject of the fraudulent transfer. Tenn. Code Ann. § 66-3-303(d). Under the UFTA, a debtor who is not paying his or her debts as they become due is presumed to be insolvent. Tenn. Code Ann. § 66-3-303(b).

13. Here, there is good cause to believe that:

HRC Medical, Don Hale, and Dan Hale had knowledge of the State's investigation by at least March 13, 2012, the date of HRC Medical's response to a story that WTVF, NewsChannel 5 aired on that date entitled, "State Attorney General Investigates HRC Medical" in which HRC Medical

referenced "Questions about Tennessee State Attorney General Discussions with Patients;"

HRC Medical, Don Hale, and Dan Hale intentionally tried to conceal Dan Hale's continued financial connection to HRC Medical by representing, in their response to NewsChannel 5's March 13, 2012, story, that Dan Hale was no longer affiliated with the company and had retired, by paying Dan Hale as an "independent contractor" beginning in March and continuing until December 2012 in almost exactly the same amount that he was paid in wages before he announced his retirement, and by transferring his shares in HRC Medical to a revocable trust he controlled with his daughter as trustee;

On August 4, 2012, HRC Medical, Don Hale, Dan Hale, Charlie Cannata of Bella Vita, and others participated in a meeting that discussed "selling" the ownership interest in the JV centers that tied Don Hale or HRC to those centers "due to upcoming events," discussed selling the 100% corporate-owned centers to another entity/caretaker, referenced the Hale name being "tarnished in the circles of the regulatory and media world," and asked for interested parties in the plan to sign a notice of intent, which Don Hale and others did;

HRC Medical and Don Hale had knowledge that the State was interviewing former HRC Medical sales consultants by the time the transfer of HRC Medical's Nashville clinic was consummated on September 14, 2012;

Don Hale, other officers of HRC Medical, and employees of HRC Medical again had knowledge of the State's investigation when Caleb Raines, HRC Medical's IT Director, was served with a pre-filing subpoena for testimony on September 17, 2012; and

All of the Defendants had knowledge of the State's lawsuit following its filing on October 8, 2012.

14. Further, there is good cause to believe that:

HRC Medical was failing to pay debts as they became due at least by July 2012, and continuing until the entry of the receivership order on December 27, 2012;

HRC Medical had outstanding invoices over 90 days past due at least by July 2012, which continued until the entry of the receivership order on December 27, 2012;

Don Hale had knowledge of HRC Medical's liquidity problems in September 2012;

HRC Medical's former Chief Financial Officer sent notice to Don Hale on October 2, 2012 warning him of a 25% drop in collections and stating that at that level "HRC barely covers its costs;"

By October 15, 2012, Dixie Hale, who had authority to pay bills on behalf of HRC Medical, had only authorized the payment of a minimal number of outstanding bills in the previous two weeks;

On November 15, 2012, HRC Medical had a negative cash available balance of \$21,487 and on November 16, 2012, a negative cash available balance of \$13,308; and

By December 2012, HRC Medical's own balance sheet showed that it had accumulated negative equity of \$1,514,389.

15. There is good cause to believe the two transfers of \$459,000 on October 15, 2012, to Don Hale, were made with actual intent to hinder, delay, or defraud the State as creditor of the debtor, based, among other things, on the following facts that are likely to be established at trial:

The initial transfers of money from bank accounts that HRC Medical controlled began on October 9, 2012, the day after the State filed suit;

The two transfers of \$459,000 on October 15, 2012, were four days before the then-scheduled temporary injunction and receivership hearing on October 19, 2012;

The wire transfer of \$459,000 was made payable to Bonnie Hale, wife of Dan Hale, who has never worked in any capacity for HRC Medical;

The dividend authorized by the Board of Directors of HRC Medical for these transfers was not for \$459,000 but for \$392,500 to each shareholder;

HRC Medical attempted to justify the transfers as payments for the taxes both Don Hale and Dan Hale would incur as a result of HRC Medical's "S" Corporation election, in which tax liability "passes through" to shareholders;

Even if some portion was eventually paid to the Internal Revenue Service for 2011 income taxes, the \$918,000 transferred exceeded the maximum tax liability that Don Hale and Dan Hale would have incurred as a result of the S Corporation election, which was \$361,912 each based on a 32% effective tax rate using the maximum 35% marginal tax bracket and assuming no exemptions or deductions;

The collective transfer of \$918,000 exceeded the amount that HRC Medical would have incurred had it filed as a "C Corporation;" which would have been a maximum of \$770,000 based on a 35% tax rate;

Dan Hale was previously paid \$135,200 by HRC Medical for estimated taxes on April 16, 2012, which, if paid to the IRS would have been credited against his tax liability; and

Don Hale was previously paid \$134,800 by HRC Medical for estimated taxes on April 16, 2012, which if paid to the IRS would have been credited against his tax liability.

16. There is good cause to believe the two transfers of \$459,000 on October 15, 2012, to Don Hale, were made at a time that HRC Medical was insolvent and for which HRC Medical did not receive reasonably equivalent value in exchange.

17. Further, there is good cause to believe the two transfers of \$459,000 on October 15, 2012, to Don Hale, were made without reasonably equivalent value in exchange and left HRC Medical's remaining assets as unreasonably small in relation to its business.

18. There is good cause to believe the two transfers totaling \$60,000 on November 14, 2012, to Don Hale, were made with actual intent to hinder, delay, or defraud the State as creditor of the debtor, based, among other things, on the following facts that are likely to be established at trial:

The transfers were made one day before the scheduled hearing on the State's initial receivership and injunction motion;

HRC Medical attempted to justify the transfers as needed for tax penalties;

Even if some portion was eventually paid to the Internal Revenue Service for tax penalties, these amounts were not certain or known at the time of the transfers;

The amounts transferred were not specifically calculated penalty amounts but the "round dollar amounts" of \$30,000 each; and

HRC Medical had negative cash available on November 15 and 16, 2012, following the transfer.

19. There is good cause to believe the two transfers totaling \$60,000 on November 14, 2012, to Don Hale, were made at a time that HRC Medical was insolvent and for which HRC Medical did not receive a reasonably equivalent value in exchange.

20. Further, there is good cause to believe the two transfers totaling \$60,000 on November 14, 2012, to Don Hale, were made without reasonably equivalent value in exchange and left HRC Medical's remaining assets as unreasonably small in relation to its business.

21. There is good cause to believe that the transactions involving the recording of dividends totaling \$980,000 on HRC Medical's accounting records, which were used to wipe away the notes receivable of Don Hale and Dan Hale, and, in effect, convert them into notes payable, were made with actual intent to hinder, delay, or defraud the State as creditor of the debtor, based, among other things, on the following facts that are likely to be established at trial:

The transaction was recorded one day before the scheduled hearing on the State's initial receivership and injunction motion; and

The QuickBooks accounting entries were the only place where the status of its notes receivable from corporate officers, including Don Hale and Dan Hale, were kept.

22. There is good cause to believe the transactions involving the recording of dividends totaling \$980,000 on HRC Medical's accounting records, which were used to wipe away the notes receivable of Don Hale and Dan Hale, and, in effect, convert them into notes payable, were made at a time that HRC Medical was insolvent and for which HRC Medical did not receive reasonably equivalent value in exchange.

23. Further, there is good cause to believe that the transactions involving the recording of dividends totaling \$980,000 on HRC Medical's accounting records, which were used to wipe away the notes receivable of Don Hale and Dan Hale, and, in effect, convert them

into notes payable, were made without reasonably equivalent value in exchange and left HRC Medical's remaining assets as unreasonably small in relation to its business.

24. There is good cause to believe that Don Hale and other officers and employees of HRC Medical intentionally redirected incoming payments from joint venture clinic locations based on the percentage of monthly gross sales previously paid to HRC Medical to Dixie Hale following the filing of the State's lawsuit, based, among other things, on the following facts that are likely to be established at trial:

Cancelled checks show that joint venture partners regularly issued checks for the percentage of monthly gross sales made payable to "HRC Medical," "HRC Medical Centers," or "HRC Medical Centers - Nashville" or through similar payee names;

HRC Medical's own records referenced the percentage of monthly gross sales checks being made payable to HRC Medical;

25. There is good cause to believe that Don Hale and other officers and employees of HRC Medical intentionally redirected incoming payments owed to HRC Medical from MasterPharm and DCA Pharmacy following the filing of the State's lawsuit, based, among other things, on the following facts that are likely to be established at trial:

In his affidavit opposing the original receivership and temporary injunction motion, Don Hale stated, "Masterpharm has a rebate *that is provided to HRC* based on the number of pellets ordered over a particular time period." Def.'s Ex. 1 at para. 13 (emphasis added);

HRC Medical had bank accounts at both SunTrust and Fifth Third that were used to initially deposit incoming money received from MasterPharm and DCA Pharmacy;

After the filing of the State's lawsuit, this money has ceased being sent to HRC Medical;

Don Hale was notified on November 30, 2012, that HRC Medical had not collected checks from MasterPharm for September, October, and November 2012, and from DCA Pharmacy for May, June, August, September, October, and November 2012; and

No deposits from Masterpharm or DCA Pharmacy were made into bank accounts controlled by HRC Medical after November 30, 2012.

26. There is good cause to believe that Don Hale has concealed other assets, based among other things, on the following facts that are likely to be established at trial:

Don Hale purchased a black luxury car for Dixie Hale as a Christmas present in 2012 and paid-in-full; and

As of March 2012, no new cars have been registered in Tennessee since October 1, 2012, in the names of Dixie Hale, Don Hale, Dan Hale, Bonnie Hale, Dana Helton, Mike Montemurro, Ron Howell, HRC Medical Centers, Inc., HRC Medical Centers Holdings, LLC, HRC Management, LLC, HRC Management Midwest, LLC, Midwest Restorative Health, LLC, Southern Belle Consulting, MadMac Consulting, DC Consulting, or Legacy Medical Centers, LLC.

27. There is good cause to believe that consistent with *Oceanics Schools, Inc. v. Barbour*, 112 S.W.3d 135, 140 (Tenn. Ct. App. 2003) and *Edmunds v. Delta Partners, LLC*, No. M2012-00047-COA-R3-CV, 2012 WL 6604580, at *11 (Tenn. Ct. App. Dec. 18, 2012), HRC Holdings and HRC Management's corporate statuses should be disregarded as necessary to accomplish justice and based on evidence likely to show the two entities were used as complete extensions of HRC Medical, Don Hale, and Dan Hale for a common enterprise, were used as a funding source for transfers that likely violate the UFTA, physically used the same office as HRC Medical, and generally operated in a functionally indistinguishable manner to HRC Medical.

28. There is good cause to believe that HRC Medical, including through the HRC Management and HRC Holdings bank accounts, used its bank accounts frequently to pay for personal expenses of Don Hale and Dan Hale.

29. There is good cause to believe that Defendants acquired the assets and property outlined above through fraud and that they merely hold the property in a constructive trust for the

HRC Medical receivership estate. *See In re Hicks* 176 B.R. 466, 471 (Bankr. W.D. Tenn. 1995).

30. There is good cause to believe that the Cardinal Revocable Trust was set up as a way to defraud creditors, was merely an extension of its Grantor, Dan Hale, should be terminated, and subject to any liability found against Dan Hale, pursuant to Tenn. Code Ann. §§ § 35-15-404, 35-15-410(a), and 35-15-505(a)(1), based on based on the following facts that are likely to be established at trial:

The trust was set up after HRC Medical and Dan Hale had been the subjects of negative news reports and Dan Hale's medical license application was denied by the North Carolina Medical Board and his conduct referenced in the denial was referred to the Wake County District Attorney for prosecution;

Don Hale sent the following e-mail to HRC Medical's public relations agent on February 28, 2012, in response to an e-mail notifying him that a reporter was asking questions about the North Carolina Medical Board's denial:

Bill,

I just talked to Dana about Dr. Dan's stock being put into a trust. The trust has been setup and I am hoping this can be done today. *That way we can say he does not own an interest in the company and is not an officer in the company. . . .*

Thanks,

Don;

The trustee is Dan Hale's daughter Dana Helton;

The Trust specifically provides that the spendthrift provisions do not apply to Dan Hale, the Grantor;

Dan Hale reserves the "absolute and uncontrolled right and power to act alone to take or omit to take any action with regard to sales, investments, retention of assets, or any other matter or matters relating to the administration of the trust estate or the investment or reinvestment of property constituting the trust estate;

Dan Hale reserves the right to revoke the trust agreement in its entirety during his lifetime, as well as the right to withdraw all or such part of the assets then constituting the trust estate and the right to amend, alter, or modify the trust

agreement; and

The trust's acquisition of shares of HRC Medical was done to make it seem on paper as if Dan Hale was no longer associated with HRC Medical.

31. There is good cause to believe that Don Hale and Dan Hale are likely to conceal or destroy documents based on the following fact, which is likely to be established at trial that, despite dedicated e-mail addresses, both Don Hale and Dan Hale began using e-mail accounts, such as hrcdonhale@gmail.com and drdanhale@gmail.com, to conduct business for HRC Medical that were outside of the HRC Medical e-mail system.

32. There is good cause to believe that Defendant Don Hale is likely to conceal or destroy documents based on evidence that is likely to be established at trial or a hearing showing that he entered HRC Medical's corporate office on Saturday, December 29, 2012, without the permission of the Receiver and with knowledge of the receivership order, to take boxes of HRC Medical documents, including records pertaining to Legacy, out of the office.

33. There is good cause to believe that immediate and irreparable damage to the Court's ability to grant effective final relief for consumers in the form of monetary restitution will occur from the sale, transfer, or other disposition or concealment by Defendants of assets or records unless the Defendants are enjoined and a receiver appointed.

34. Weighing the equities and considering the State's likelihood of ultimate success, a Temporary Injunction with Asset Freezes and Order Appointing *Pendente Lite* Receiver is in the public interest.

35. Pursuant to Tenn. Code Ann. § 47-18-108(b)(1), this order is necessary to preserve funds to restore ascertainable losses to consumers should any be awarded.

36. This order is necessary to the ends of substantial justice.

ORDER

I. DEFINITIONS

For purposes of this Order, the following definitions shall apply:

1. "Asset" means any legal or equitable interest in, right to, or claim to, any real, personal or intellectual property, including, without limitation, bank accounts, real estate, automobiles, boats, sports memorabilia, accounts receivable, chattels, goods, instruments, equipment, fixtures, general intangibles, leaseholds, mail or other deliveries, inventory, checks, notes, accounts, credits, contracts, receivables, shares of stock, and cash, wherever any such Asset is located, whether in Tennessee or elsewhere.

2. "Cooperate" shall include, but shall not be limited to, the following: (1) to reply immediately in writing to any inquiry from the Receiver requesting such a reply; and (2) to preserve and make available to the Receiver any and all books, bank and investment accounts, documents, or other records or information or computer programs and databases or property of or pertaining to the Defendants and in their possession, custody or control.

3. "Document" is equal in scope and synonymous in meaning to the usage of the term in the Tennessee Rule of Civil Procedure 34.01, and includes electronic data, writings, drawings, graphs, charts, photographs, audio and video recordings, computer records, and any other data compilations from which information can be obtained and translated, if necessary, through detection devices in reasonably usable form. A draft or non-identical copy is a separate document within the meaning of the term.

II. EVIDENCE DESTRUCTION

IT IS THEREFORE ORDERED that Defendants Don Hale, Dan Hale, Dana Helton, in her capacity as Trustee for the Cardinal Revocable Trust, HRC Management, HRC Management

Midwest, HRC Holdings, and any other person in active concert or participation with these Defendants and individuals who receives actual notice of this Order by personal service or otherwise are hereby enjoined from:

A. Destroying, erasing, mutilating, concealing, altering, transferring or otherwise disposing of, in any manner, directly or indirectly, any Documents that relate to the business, business practices, Assets, transfers, or business or personal finances of any Defendant; and

B. Failing to retain or safeguard Documents that reflect Defendants' incomes, disbursements, transactions, and use of money.

IT IS FURTHER ORDERED that Defendants Don Hale, Dan Hale, Dana Helton, in her capacity as Trustee for the Cardinal Revocable Trust, HRC Management, HRC Management Midwest, HRC Holdings, and their officers, directors, stockholders, members, subscribers, managers, agents, employees and independent contractors, and/or vendors who have been hired to perform and maintain off-site networks and databases and who have received actual notice of this order are enjoined and prohibited from waste or disposition of these Defendants' property, of the destruction, deletion, modification, or waste of their records, database or computer files, in whatever form and wherever located.

III. ASSET FREEZES

IT IS THEREFORE ORDERED that Defendants Don Hale, Dan Hale, Dana Helton, in her capacity as Trustee for the Cardinal Revocable Trust, HRC Management, HRC Management Midwest, HRC Holdings, and any other person in active concert or participation with these entities and individuals who receives actual notice of this Order by personal service or otherwise are hereby enjoined from:

A. Transferring any Asset except to the Receiver as part of this Order;

B. Liquidating, converting, encumbering, pledging, loaning, selling, concealing, dissipating, disbursing, assigning, spending, withdrawing, granting a lien or security interest or other interest in, or otherwise disposing of any funds, real or personal property, accounts, contracts, consumer lists, shares of stock, or other Assets, or any interest therein, wherever located, that are (1) owned or controlled by any Defendant, in whole or in part; (2) held for the benefit of any Defendant; (3) in the actual or constructive possession of any Defendant; or (4) owned, controlled by, or in the actual or constructive possession of any individual, corporation, partnership, or other individual or entity directly or indirectly owned, managed or controlled by any Defendant, including, but not limited to, any Assets held by or for, or subject to access by, any Defendant at any bank or financial institution, or with any broker-dealer, escrow agent, title company, commodity trading company, precious metals dealer, or other financial institution or depository of any kind;

C. Physically opening or causing to be opened any safe deposit boxes titled in the name of, or subject to access by, any Defendant;

D. Obtaining a personal or secured loan encumbering the Assets of any Defendant; and incurring liens or other encumbrances on real property, personal property or other Assets titled in the name, singly or jointly, of any Defendant.

IT IS FURTHER ORDERED that any bank, savings and loan association, financial institution or other person, which has on deposit, in its possession, custody or control any funds, accounts and any other Assets of the Entity Receivership Defendants, including financial institution accounts controlled by or held in the name of other account holders shall immediately freeze the accounts and allow no transactions on the accounts until further order of this Court. No bank, savings and loan association or other financial institution shall exercise any form of set-off, alleged

set-off, lien, any form of self-help whatsoever, or refuse to freeze funds or Assets.

IV. RETENTION OF ASSETS AND RECORDS BY FINANCIAL INSTITUTIONS

IT IS FURTHER ORDERED that any financial or brokerage institution, business entity, or person served with a copy of this Order that holds, controls, or maintains custody of any account or Asset of any Defendant shall:

A. Deny any person, except the Receiver, access to any Asset, including any bank account or safe deposit box that is titled in the name of, individually or jointly, or otherwise subject to access by, any Defendant;

B. Following a request by the Receiver, provide the Receiver, within five business days of receiving a request, a sworn statement setting forth:

1. The identification number of each such account or Asset titled in the name, individually or jointly, of any Defendant, or held on behalf of, or for the benefit of any Defendant;

2. The balance of each such account, or a description of the nature and value of such Asset as of the close of business on the day on which a request is served, and, if the account or other Asset has been closed or removed, the date closed or removed, the total funds removed in order to close the account, and the name of the person or entity to whom such account or other Asset was remitted; and

3. The identification of any safe deposit box that is titled in the name of, individually or jointly or otherwise subject to access by, any Defendant.

C. Upon request by the Receiver, immediately provide the Receiver with copies of all records or other documentation pertaining to each such account or Asset, including, but not limited to, originals or copies of account applications, account statements, signature cards, checks, drafts, deposit tickets, transfers to and from the accounts, all other debit and credit instruments or slips,

currency transaction reports, 1099 forms, and safe deposit box logs.

V. DISCLOSURE OF NEW BUSINESS INTERESTS

IT IS THEREFORE ORDERED that Defendants Don Hale, Dan Hale, Dana Helton, in her capacity as Trustee for the Cardinal Revocable Trust, HRC Management, HRC Management Midwest, and HRC Holdings, until resolution at trial, shall disclose: the business name, business address(es), website(s), the names of all investors, owners, and managers, a description of the purpose of the business, and any products or services the business offers, to the counsel of record for the State of Tennessee for any new business, regardless of corporate form, that a Defendant has invested in, has an ownership interest in, is employed by, or otherwise participates in that has formed following entry of this Order.

VI. ORDER APPOINTING *PENDENTE LITE* RECEIVER

IT IS THEREFORE ORDERED that John C. McLemore, who is currently the receiver for HRC Medical, is appointed *Pendente Lite* Receiver over Defendants Midwest Management, HRC Holdings, HRC Management, and the Cardinal Revocable Trust ("Entity Receivership Defendants") and all of the tangible and intangible Assets and property, both personal and real, of these Defendants until further order of this Court, and all of the Assets are hereby placed *in custodia legis* and shall be subject to the exclusive jurisdiction of this Court. The Receiver shall be the agent of this Court, and solely the agent of this Court, in acting as Receiver under this Order.

IT IS THEREFORE FURTHER ORDERED that John C. McLemore is also appointed *Pendente Lite* Receiver over the personal Assets, including tangible and intangible Assets and property, both personal and real, of Defendants Don Hale and Dan Hale ("Individual Receivership Defendants"), and all of the Assets are hereby placed *in custodia legis* and shall be subject to the

exclusive jurisdiction of this Court. The Receiver shall be accountable directly to this Court, and solely the agent of this Court, in acting as Receiver under this Order.

A. RECEIVER'S DUTIES

IT IS FURTHER ORDERED that the Receiver shall have all powers at law and equity to carry out his duties and shall perform his duties under the supervision of the Court.

IT IS FURTHER ORDERED that the Receiver is authorized and directed to accomplish the following:

1. Upon service of this Order, take exclusive custody, control, and possession of any personal bank accounts or other Assets held individually or jointly by any one of the Individual Receivership Defendants and inventory, through digital video or other means, all Assets, Documents, and other materials of, or in the possession, custody, or under control of the Individual Receivership Defendants.

2. Distribute funds, to the extent available, recovered from an Individual Receivership Defendant to that Individual Receivership Defendant by,

- (a) making home mortgage payments for a mortgage incurred before entry of this Order;
- (b) making motor vehicle payments for a loan incurred before entry of this Order;
- (c) paying for reasonable living expenses such as groceries, utilities, clothing, basic home maintenance, health insurance, life insurance, or other expenses deemed reasonable by the Receiver **PROVIDED THAT** these expenses shall not exceed \$2,500 per Individual

Receivership Defendant per month, *excluding* (a) and (b) above, and shall be documented with receipts or other payment information.

NOTHING HEREIN shall prohibit an Individual Receivership Defendant from retaining the counsel of his or her choice, provided that he or she obtain court approval of reasonable attorneys' fees to be applied to that Individual Receivership Defendant's estate. Further, an Individual Receivership Defendant may petition the Court for relief, with notice and an opportunity to respond provided to the State and the Receiver, should he or she disagree with the Receiver's payment decision.

3. Assume full control of Entity Receivership Defendants by removing, as the Receiver deems necessary and advisable, any director, officer, independent contractor, employee, or agent of an Entity Receivership Defendant, including any Individual Receivership Defendant, from control of, management of, or participation in the affairs of the Entity Receivership Defendant;

4. Take exclusive custody, control, and possession of all Assets, Documents, and other materials of, or in the possession, custody, or under the control of, Entity Receivership Defendants wherever situated. The Receiver shall have full power to divert and read mail and to sue for, collect, receive, take in possession, hold, and manage all Assets, Documents, and materials of Entity Receivership Defendants and other persons or entities whose interests are now under the direction, possession, custody, or control of the Entity Receivership Defendants. The Receiver may review and use Documents and any other materials or information, including but not limited to medical records and customer files in the possession, custody, or under the control of the Entity Receivership Defendants in order to accomplish his duties as Receiver. The Receiver shall assume control over the income and profits therefrom and all sums of money now or hereafter due or owing to the Entity Receivership Defendants. Provided, however, that the Receiver shall not attempt to

collect any amount from a consumer if the Receiver believes the consumer was a victim of the unfair or deceptive acts or practices or other violations of law alleged in the Amended Complaint in this matter, without prior Court approval;

5. Conserve, hold, and manage all Assets of the Entity Receivership Defendants, and perform all acts necessary or advisable to preserve the value of those Assets in order to prevent any irreparable loss, damage, or injury to consumers or creditors of the Entity Receivership Defendants, including, but not limited to, obtaining an accounting of the Assets and preventing the unauthorized transfer, withdrawal, or misapplication of Assets, enter into contracts, and purchase insurance as advisable or necessary;

6. Market and sell the Entity Receivership Defendants' Assets without Court approval of any sale to maximize the receivership estate or minimize losses;

7. Prevent the inequitable distribution of Assets and determine, adjust, and protect the interests of consumers and creditors who have transacted business with the Entity Receivership Defendants.

8. Manage and administer the business of the Entity Receivership Defendants until further order of this Court by performing all incidental acts that the Receiver deems to be advisable or necessary, which includes but is not limited to retaining, hiring, or dismissing any employees, independent contractors, or agents;

9. Make payments and disbursements from the Entity Receivership Defendants' Receivership estate that are necessary or advisable for carrying out the directions of, or exercising the authority granted by, this Order. The Receiver shall apply to the Court for prior approval of any payment of any debt or obligation incurred by the Entity Receivership Defendants before the date of

entry of this Order, except payments that the Receiver deems necessary or advisable to secure Assets of the Entity Receivership Defendants, such as rental payments and utilities;

10. Take all steps necessary to secure each location from which an Entity Receivership Defendant operates its businesses. Such steps may include, but are not limited to, any of the following, as the Receiver deems necessary or advisable: (1) serving this Order; (2) completing a written inventory of all receivership Assets; (3) obtaining pertinent information from all employees and other agents of Entity Receivership Defendants, including, but not limited to, the name, home address, Social Security Number, job description, passwords or access codes, method of compensation, and all accrued and unpaid commissions and compensation of each such employee or agent; (4) recording any or all portions of verbal conversations with or instructions given to Entity Receivership Defendants or their employees, or other agents of Entity Receivership Defendants; (5) photographing and video-taping any or all portions of the location; (6) securing the location by changing the locks and disconnecting any online or other means of access to the computer or other records maintained at that location; (7) moving Assets, equipment, furniture, Documents or other items from any location from which Entity Receivership Defendants operate for the purpose of securing such items; (8) requiring any persons present on the premises at the time this Order is served to leave the premises, to provide the Receiver with proof of identification, or to demonstrate to the satisfaction of the Receiver that such persons are not removing from the premises Documents or Assets of Entity Receivership Defendants; (9) arranging to have any medical waste removed from any location at which any Entity Receivership Defendant is operating its business, and (10) opening mail addressed to an Entity Receivership Defendant.

11. Suspend business operations of the Entity Receivership Defendant if, in the judgment of the Receiver, such operations cannot be continued legally and profitably;

12. Institute, compromise, adjust, appear in, intervene in, or become party to such actions or proceedings in state, federal or foreign courts or arbitration proceedings as the Receiver deems necessary and advisable to preserve or recover the Assets of the Entity Receivership Defendant, or that the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order including, but not limited to, actions challenging fraudulent or voidable transfers;

13. Defend, compromise, adjust, or otherwise dispose of any or all actions or proceedings instituted in the past or in the future against the Receiver in his role as Receiver, or against the Entity Receivership Defendant, as the Receiver deems necessary and advisable to preserve the Assets of the Entity Receivership Defendant, or as the Receiver deems necessary and advisable to carry out the Receiver's mandate under this Order;

14. Issue subpoenas to obtain Documents, records, and testimony pertaining to the Receivership, and conduct discovery in this action on behalf of the Receivership estate;

15. Open one or more bank accounts as designated depositories for funds of the Entity Receivership Defendants or the Individual Receivership Defendants. The Receiver shall deposit all funds of the Entity Receivership Defendants or Individual Receivership Defendants in such designated accounts and shall make all payments and disbursements from the Receivership estate from such an accounts.

16. Choose, engage, and employ attorneys, accountants, appraisers, and other independent contractors and technical specialists, as the Receiver deems advisable or necessary in the performance of duties and responsibilities under the authority granted by this Order;

17. Maintain accurate records of all receipts and expenditures incurred as Receiver; and

18. Cooperate with reasonable requests for information or assistance from any state, federal law enforcement agency, any Defendant, or any Defendant's counsel.

**B. TRANSFER OF INDIVIDUAL RECEIVERSHIP
DEFENDANTS' ASSETS TO RECEIVER**

IT IS FURTHER ORDERED that Defendants, their Representatives, and any other person or entity with possession, custody or control of property of or records relating to Individual Receivership Defendants shall upon notice of this Order by personal service or otherwise immediately notify the Receiver of, and, upon receiving a request from the Receiver, immediately transfer or deliver to the Receiver possession, custody, and control of, the following:

1. All Assets of Individual Receivership Defendants;
2. All Documents of Individual Receivership Defendants including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title Documents, signature cards, and other papers;
3. All computers, servers, and data in whatever form used to conduct the financial matters of Individual Receivership Defendants;
4. All Assets belonging to other persons or entities whose interests are now under the direction, possession, custody, or control of Individual Receivership Defendants; and
5. All keys, codes, and passwords necessary to gain or to secure access to any Assets or Documents of Individual Receivership Defendants, including, but not limited to, access to their means of communication, accounts, computer systems, or other property.

IT IS FURTHER ORDERED that any bank, savings and loan association, financial

institution or other person, which has on deposit, in its possession, custody or control any funds, accounts and any other Assets of the Individual Receivership Defendants, including financial institution accounts controlled by or held in the name of other account holders shall immediately freeze the accounts and allow no transactions on the accounts until further order of this Court. No bank, savings and loan association or other financial institution shall exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to freeze funds or Assets.

In the event that any person or entity fails to deliver or transfer any Asset or otherwise fails to comply with any provision of this Section VI. B, the Receiver may file *ex parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the Asset, Document, or other item covered by this Section and to deliver it to the Receiver.

**C. TRANSFER OF ENTITY RECEIVERSHIP DEFENDANTS'
ASSETS TO RECEIVER**

IT IS FURTHER ORDERED that Defendants, their representatives, and any other person or entity with possession, custody, or control of Assets, other property, or records relating to Entity Receivership Defendants, including but not limited to officers, directors, shareholders, employees, contractors, and agents, shall upon notice of this Order by personal service or otherwise immediately notify the Receiver of, and, upon receiving a request from the Receiver, immediately transfer or deliver to the Receiver possession, custody, and control of, the following:

1. All Assets of Entity Receivership Defendants, including but not limited to, balances in depository accounts;

2. All Documents of Entity Receivership Defendants including, but not limited to, books and records of accounts, all financial and accounting records, balance sheets, income statements, bank records (including monthly statements, canceled checks, records of wire transfers, and check registers), client lists, title Documents and other papers;

3. All computers, servers, and data in whatever form used to conduct the business of Entity Receivership Defendants;

4. All Assets belonging to other persons or entities whose interests are now under the direction, possession, custody, or control of Entity Receivership Defendants; and

5. All keys, codes, and passwords necessary to gain or to secure access to any Assets or Documents of Entity Receivership Defendants, including, but not limited to, access to their business premises, means of communication, accounts, computer systems, or other property.

In the event that any person or entity fails to deliver or transfer any Asset or otherwise fails to comply with any provision of this Section VI. C, the Receiver may file *ex parte* an Affidavit of Non-Compliance regarding the failure. Upon filing of the affidavit, the Court may authorize, without additional process or demand, Writs of Possession or Sequestration or other equitable writs requested by the Receiver. The writs shall authorize and direct any sheriff or deputy sheriff of any county, or any other federal or state law enforcement officer, to seize the Asset, Document, or other item covered by this Section and to deliver it to the Receiver.

D. PROVISION OF INFORMATION TO RECEIVER

IT IS FURTHER ORDERED that Defendants shall provide to the Receiver, immediately upon request, the following:

1. A list of all Assets and property, including accounts, of Entity and Individual Receivership Defendants that are held in any name other than the names of the Entity or Individual

Receivership Defendants, or by any person or entity other than the Entity and Individual Receivership Defendants; and

2. A list of all agents, employees, officers, servants or those persons in active concert and participation with the Entity or Individual Receivership Defendants, who have been associated or done business with the Entity or Individual Receivership Defendants.

E. TRANSFER OF THE ELECTRONIC RECORDS SYSTEM TO RECEIVER

IT IS FURTHER ORDERED that all Defendants, including Legacy, BioLifecycle Medical, or any individual or entity with actual notice of this Order in possession, in whole or in part, of data comprising or included in the electronic records system (“ERS”) that was transported to Legacy on or about January 2, 2013, or any copy thereof shall:

1. Identify all known places in which ERS Data is stored or used, including any back-up physical or digital locations; and
2. Transfer, without retaining any copies, any ERS Data to the Receiver’s sole control, custody, and possession until a hearing can be had on the temporary injunction and receivership.

F. COOPERATION WITH THE RECEIVER

IT IS FURTHER ORDERED that Defendants, their representatives, and all other persons or entities served with a copy of this Order shall fully cooperate with and assist the Receiver in taking and maintaining possession, custody, or control of the Assets of the Entity and Individual Receivership Defendants. This cooperation and assistance shall include, but not be limited to: providing information to the Receiver that the Receiver deems necessary in order to exercise the authority and discharge the responsibilities of the Receiver under this Order; providing any password required to access any computer, electronic file, or telephonic data in any medium; advising all persons who owe money to the Entity or Individual Receivership Defendants that all

debts should be paid directly to the Receiver; and transferring funds at the Receiver's direction and producing records related to the Assets and sales of Entity and Individual Receivership Defendants.

The entities obligated to cooperate with the Receiver under this provision include, but are not limited to, banks, broker-dealers, accountants, attorneys, savings and loans, escrow agents, title companies, commodity trading companies, precious metals dealers and other financial institutions and depositories of any kind, and all third-party billing agents, common carriers, and other telecommunications companies, that have transacted business with the Entity or Individual Receivership Defendants.

IT IS FURTHER ORDERED that the officers, managers, directors, trustees, owners, employees, agents, contractors or subcontractors of the Entity Receivership Defendants, and independent contractors, and/or vendors who have been hired to perform and maintain off-site networks and databases and any other persons with authority over or in charge of any segment of Entity Receivership Defendants' affairs and their agencies, employees, contractors and subcontractors, officers and directors, are ordered and required to cooperate with the Receiver in effecting the seizure of any Assets of Defendant HRC Medical.

G. INTERFERENCE WITH THE RECEIVER

IT IS FURTHER ORDERED that Defendants and their representatives are hereby enjoined from directly or indirectly:

1. Interfering with the Receiver managing, or taking custody, control, or possession of, the Assets or Documents subject to this Receivership;
2. Transacting any of the business of the Entity Receivership Defendants;
3. Transferring, receiving, altering, selling, encumbering, pledging, assigning, liquidating, or otherwise disposing of any Assets owned, controlled, or in the possession or custody

of, or in which an interest is held or claimed by, the Entity or Individual Receivership Defendants, or the Receiver; and

4. Refusing to cooperate with the Receiver or the Receiver's duly authorized agents in the exercise of their duties or authority under any order of this Court.

H. COMPENSATION OF RECEIVER

IT IS FURTHER ORDERED that the Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver and accountants, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out of-pocket expenses incurred by them, from the Assets now held by, in the possession or control of, or which may be received by, Entity or Individual Receivership Defendants subject to the terms below. Subject to the terms below, Receiver and his contractors shall be paid at the rate shown below:

| | |
|--|-------------|
| John C. McLemore, Receiver, Partner in the Law Firm | \$350.00/hr |
| Robert M. Garfinkle, Partner in the Law Firm | \$350.00/hr |
| Phillip G. Young, Partner in the Law Firm | \$350.00/hr |
| Gulam R. Zade, Second Year Associate in the Law Firm | \$175.00/hr |
| Justin T. Campbell, First Year Associate in the Law Firm | \$150.00/hr |
| R. Mike Curry, Investigator in the Law Firm | \$100.00/hr |

The Receiver shall file with the Court and serve on the parties periodic requests for the payment of such reasonable compensation, with the first such request filed no more than sixty (60) days after the date of entry of this Order. The Receiver shall not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

Assets for the Entity and Individual Receivership Defendants, including any Assets subsequently obtained by Receiver, shall be used first to satisfy reasonable attorneys' fees and expenses that Receiver incurs.

I. STAY OF ACTIONS AGAINST ENTITY RECEIVERSHIP DEFENDANTS

IT IS FURTHER ORDERED that, except by leave of this Court, during pendency of the receiverships ordered herein, the Entity Receivership Defendants, their representatives, and all investors, creditors, shareholders, members, lessors, customers, and other persons seeking to establish or enforce any claim, right, or interest against or on behalf of the Entity Receivership Defendants, and all others acting for or on behalf of such persons, are hereby enjoined from taking action that would interfere with the exclusive jurisdiction of this Court over the Assets or Documents of the Entity Receivership Defendants, including, but not limited to:

1. Petitioning, or assisting in the filing of a petition, that would cause any Entity Receivership Defendant to be placed in bankruptcy;
2. Commencing, prosecuting, or continuing a judicial, administrative, or other action or proceeding against an Entity Receivership Defendant, including the issuance or employment of process against an Entity Receivership Defendant, except that such actions may be commenced if necessary to toll any applicable statute of limitations;
3. Filing or enforcing any lien on any Asset of an Entity Receivership Defendant, taking or attempting to take possession, custody, or control of any Asset of an Entity Receivership Defendant; or attempting to foreclose, forfeit, alter, or terminate any interest in any Asset of an Entity Receivership Defendant, whether such acts are part of a judicial proceeding, are acts of self-help, or otherwise;

4. Initiating any other process or proceeding that would interfere with the Receiver managing or taking custody, control, or possession of, the Assets or Documents subject to this Receivership.

Provided that, this Order does not stay: (1) the commencement or continuation of a criminal action or proceeding; (2) the commencement or continuation of an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power; or (3) the enforcement of a judgment, other than a money judgment, obtained in an action or proceeding by a governmental unit to enforce such governmental unit's police or regulatory power.

J. TAXES

IT IS FURTHER ORDERED that Receiver, notwithstanding any other provision hereof, shall be under no obligation to complete or file any tax returns on behalf of Entity or Individual Receivership Defendants for income, sales, personal property or other taxes arising before the date of this Order. While acting as receiver, the Receiver shall comply with all applicable laws and regulations relating to tax reporting requirements. The Receiver shall furnish officers of Entity Receivership Defendants and the Individual Receivership Defendants with such access to the books and records within the Receiver's custody or control as may reasonably be necessary in order for the officers of the Entity Receivership Defendants and Individual Receivership Defendants to complete and file any tax returns on their own behalf.

K. RESIGNATION OF RECEIVER

IT IS FURTHER ORDERED that the Receiver may resign on leave of Court and by giving thirty (30) days advance written notice to this Court. Upon providing such notice and approval by this Court of an accounting of the Receiver's duties hereunder, and funds held pursuant hereto, the Receiver shall be released and discharged from further obligation hereunder. The

Receiver may only be removed on order of this Court for good cause after notice and hearing pursuant to a motion by any interested party.

L. ACCESS TO BUSINESS OFFICES AND RECORDS

IT IS FURTHERED ORDERED that in order to allow the Receiver to preserve Assets and evidence relevant to this action, and to expedite discovery, the Receiver, and his representatives, agents, and assistants, shall have immediate access to all the business premises of the Entity Receivership Defendants. The Receiver, and his representatives, agents, and assistants, are authorized to remove Documents from the Entity Receivership Defendants' premises in order that they may be inspected, inventoried, and copied for the purpose of preserving discoverable material in connection with this action.

Furthermore, the Receiver shall allow the Defendants reasonable access to the premises and business records of the Entity Receivership Defendants within its possession for the purpose of inspecting and copying materials relevant to this action. The Receiver shall have the discretion to determine the time, manner, and reasonable conditions of such access.

M. DURATION OF ORDER

Until resolution of this matter at trial, this Order shall remain in full force and effect unless vacated or amended by this Court. The hearing for Defendants Dixie Hale, *individually and doing business as* Southern Belle Consulting, LLC and Bonnie Hale is continued per this Court's order filed on May 31, 2013, a copy of which is attached hereto. All prior Orders remain in full force as to these two Defendants.

VII. NO BOND REQUIRED

Pursuant to Tenn. Code Ann. §§ 20-13-101 and 47-18-116, no costs, including a bond, may be taxed against the State.

IT IS SO ORDERED, ADJUDGED, AND DECREED.

This the 7th day of JUNE 2013, at 12:14 p.m.



JUDGE AMANDA McCLENDON

Copy
Copy

FILED

JUN 07 2013

IN THE SECOND CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE
TWENTIETH JUDICIAL DISTRICT AT NASHVILLE

RICHARD R. PROCKER, Clerk
By Hell Deputy

STATE OF TENNESSEE,
ex rel. ROBERT E. COOPER, JR.,
ATTORNEY GENERAL and REPORTER,

Plaintiff,

v.

HRC MEDICAL CENTERS, INC., a domestic
corporation, *formerly known as* HAIR
RESTORATION CENTERS OF TENNESSEE,
INC., HRC MANAGEMENT MIDWEST, LLC,
a foreign limited liability company,
DAN E. HALE, D.O., *individually and as an*
officer, DON HALE, *individually and as an*
officer, BONNIE HALE, DIXIE HALE,
individually and doing business as SOUTHERN
BELLE CONSULTING, LLC, MICHAEL
MONTEMURRO, *doing business as* MADMAC
CONSULTING, LLC, HRC MEDICAL
CENTERS HOLDINGS, LLC, a foreign limited
liability corporation, HRC MANAGEMENT,
LLC, a foreign limited liability corporation,
DANA HELTON, in her capacity as Trustee of
the CARDINAL REVOCABLE TRUST,
BELLA VITA MEDICAL CENTERS, LLC,
a domestic limited liability corporation,
MIDWEST RESTORATIVE HEALTH, LLC,
a foreign limited liability corporation,
LEGACY MEDICAL CENTERS, LLC,
a foreign limited liability corporation, and
BIOLIFECYCLE MEDICAL CENTERS, LLC,

Defendants.

FILED
2013 MAY 31 AM 8:46
RICHARD R. PROCKER, CLERK
Hell

JURY DEMAND

Case No. 12C4047

ORDER SETTING TEMPORARY INJUNCTION HEARING FOR DEFENDANTS
DIXIE HALE, INDIVIDUALLY AND DOING BUSINESS AS SOUTHERN BELLE
CONSULTING, LLC AND BONNIE HALE

At the May 24, 2013, hearing on the State's temporary injunction and receivership motion, the Court continued the hearing for Defendants Dixie Hale, individually and doing business as Southern Belle Consulting, LLC and Bonnie Hale, after obtaining their consent for the continuation of the temporary restraining order with asset freezes and order appointing *pendent lite* receiver, entered on April 26, 2013, until resolution of the continued temporary injunction hearing. Some of the parties represented at the hearing understood that the hearing was continued until June 7, 2013, at 1:00 p.m. However, the Temporary Injunction with Asset Freezes and Order Appointing *Pendente Lite* Receiver as to all Defendants Except BioLifecycle Medical Centers, LLC, Legacy Medical Centers, LLC and Michael Montemurro, doing business as MadMac Consulting, LLC and [Midwest] Restorative Health, LLC, and Dixie Hale and Bonnie Hale and Bella Vita Medical Centers, LLC, entered May 29, 2013, references a May 31, 2013, at noon, hearing date.

It is hereby ORDERED that the temporary injunction and receivership hearing as to Defendants Dixie Hale and Bonnie Hale shall take place on 7th of JUNE, 2013 at 12 noon. Consistent with the Order entered May 29, 2013, all prior Orders remain in full force as to these two Defendants.

IT IS SO ORDERED, ADJUDGED, AND DECREED.


JUDGE AMANDA MCCLEENDON